



The President's Daily Brief

August 5, 1976

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~~*Top Secret*~~

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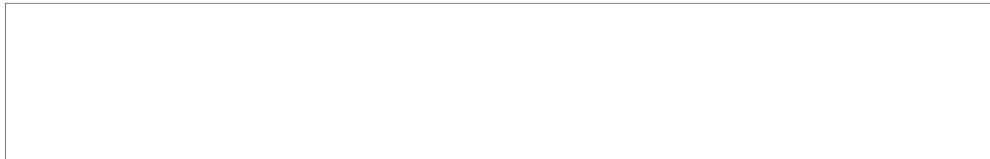
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FOR THE PRESIDENT ONLY

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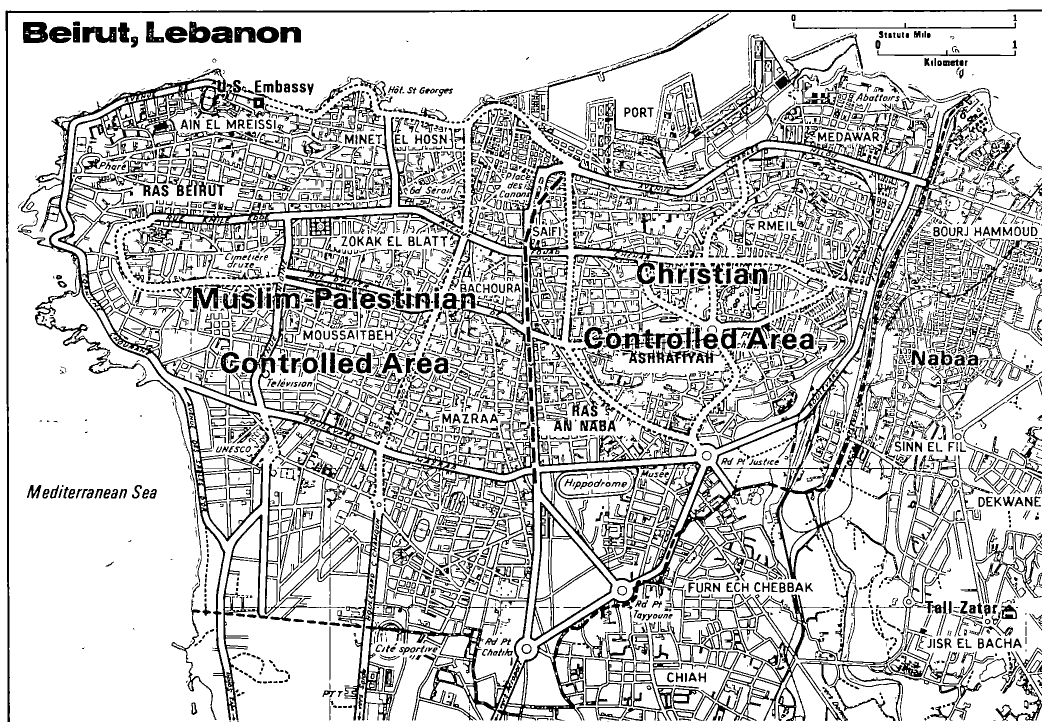
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LEBANON: *The commander of the Arab League security force announced that a nationwide cease-fire planned for yesterday is now scheduled to take effect this morning.*

Agreement on the cease-fire was reached on the condition--presumably demanded by the Christians--that League forces would create a buffer zone in Beirut only after the cease-fire has taken effect. Christian leaders may have made this stipulation assuming that the chances for a truce taking hold are remote.

Arab League mediator Hasan Sabri al-Khuli, who has been conducting the truce negotiations, went to Damascus yesterday--probably to coordinate the League's efforts with those of Palestinian negotiator Faruq Qaddumi and Syrian Foreign Minister Khaddam.

The leftist-controlled Beirut radio has announced that Khaddam would arrive in Beirut today to oversee implementation of the cease-fire. We have no confirmation of this from Damascus. If Khaddam should make the trip, it would demonstrate new confidence on the part of Syria that a truce can be worked out.

The evacuation yesterday of a second increment of wounded from Tall Zatar helped smooth the way for the truce agreement.

Both Arab League and Palestinian spokesmen had warned the Christians that their cooperation in the evacuation was a necessary first step for negotiations.

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*Fighting intensified
around the Muslim en-
clave of Nabaa and in
central Beirut.*

The pro-leftist radio has charged the Christians with taking advantage of the evacuation of Tall Zatar to attack leftist and Palestinian positions in other areas of the city.

President Franjiyah was unable to hold the cabinet meeting scheduled yesterday; only two ministers appeared for the session. Franjiyah called for another meeting, stating this time that the cabinet would consider ways to prevent Muslim leftists from setting up their own administrations in Muslim-held territory.

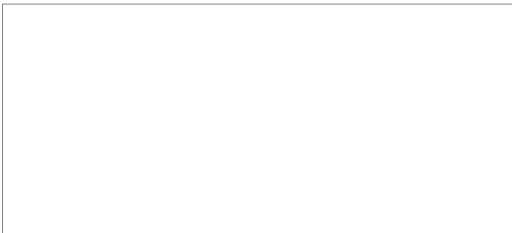
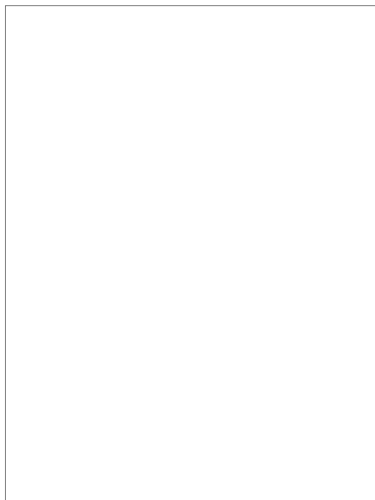
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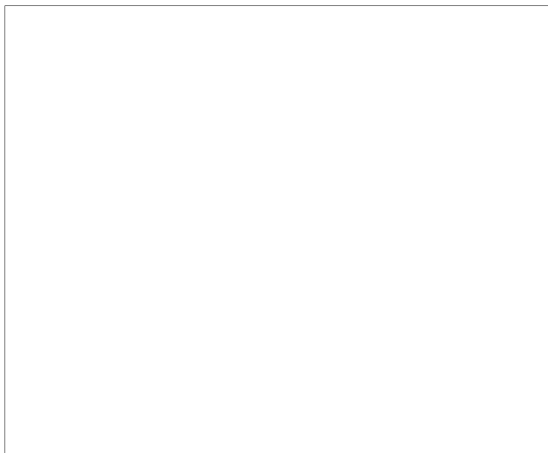
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SAUDI ARABIA - EGYPT:
*Senior Saudi officials
are angry over a recent
speech by Egyptian
President Sadat char-
acterizing Arab aid
to Egypt as inadequate.*



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Saudi Arabia, increasingly critical of Egypt's inability to manage its finances, has become reluctant over the past year to give Egypt large amounts of financial aid over which the Saudis retain no control.

The \$2 billion five-year fund for Egypt, established recently by Saudi Arabia and three other Persian Gulf oil producers, reflects the desire of the Saudis and other donors to limit their aid and to exert greater control over its disposition. When spread over a five-year period, the fund will not reach the level of annual subsidies paid Egypt by the oil states in the past. Moreover, it appears tied to specific long-range programs and will provide little relief from immediate financial problems.

Sadat's criticism was probably intended to persuade the Arabs to expand the fund before final agreement is reached on August 18. He may also have hoped to convince the Egyptian public that some of the responsibility for Egypt's economic plight rests not with his government but with the Saudis and other Arab donors.

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USSR: *Satellite photography and telemetry intercepts show that the Soviets are developing a new, low-altitude surface-to-air missile at the Sary Shagan test facility. Such a system will probably not be operational before 1980.*

The system appears suitable primarily for defense against low flying aircraft, but it may also have some capability against cruise missiles. CIA estimates, however,

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currently carried by US strategic bombers. DIA and NSA believe the system could engage a SRAM.

which has a very low radar visibility.

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The layout of the launch area at the test facility indicates that the basic firing unit will total twelve missiles--three launch pads with a four canister launcher on each pad. The system will probably use command guidance and be capable of simultaneously engaging multiple targets within the coverage of a phased-array radar.

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NOTES

The Chinese military maneuvers near the southern entrance to the Taiwan Strait have apparently ended.

There has been little military activity in the Tung-shan area since July 24 when an elaborate air, naval, and ground force exercise was conducted. Intercepts indicate that aircraft and several large surface ships have returned to their home bases.

* * *

The first major urban violence in South Africa since the June riots occurred in Soweto yesterday.

Three blacks reportedly were killed. Police said the rioting was under control by noon, although groups of students continued to march for several hours.

Since schools reopened in the black townships two weeks ago, minor student disorders and some arson in widely separated localities have shown a degree of coordination that was not apparent in June. In an effort to reduce tensions, the government suspended a ban on outdoor gatherings last Sunday so that members of Soweto's urban council could meet with local residents to inform them of their consultations with government leaders and to ask parents to cooperate in restraining student unrest.

Events yesterday may have been the militants' response to the Sunday meeting.

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*One of the Soviet TU-95
naval reconnaissance
aircraft en route to
the USSR after a 20-
day assignment in Cuba
crashed into the sea
yesterday southeast of
Newfoundland.*

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We do not know the fate of the crew of the aircraft. Soviet merchant ships are steaming to the area where the plane went down. The second TU-95 returned to Cuba.

* * *

*Some Ugandan troops
stationed near the
Kenyan border have been
ordered to withdraw,
according to intercepts.*

The troops are to return this week to their normal locations in central and western Uganda. Parts of two mechanized formations and artillery and support groups are involved in the move.

The move apparently would not affect the 6,000 men normally stationed along the Kenyan border. We have no indication that the shifts will involve any units of the Ugandan air force.

Kenya had stipulated that a Ugandan pullback was a precondition to meaningful talks on the dispute between the two countries. Discussions between Ugandan and Kenyan delegations began in Nairobi yesterday.

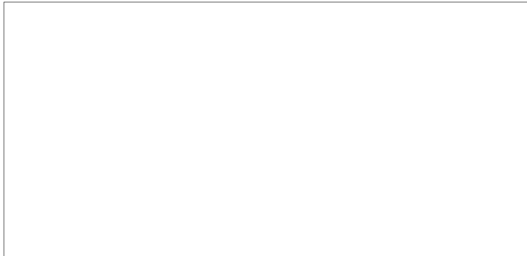
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Kuwait appears to be the major stumbling block to any formal relaxation of the Arab boycott of Western firms doing business in Israel.



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Kuwait's inflexible position on boycott sanctions may reflect its fears of offending its large Palestinian community--nearly 30 percent of the country's population of 1 million.

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Santiago Carrillo, Secretary General of the Spanish Communist Party, has announced that he will return to Spain this month and that Party President Dolores Ibarruri will return in September.

If the two party leaders do return, their move will be intended in large part to test the government's amnesty program.

At a meeting of the Spanish party's Central Committee in Rome, Carrillo reportedly condemned the presence of US bases in Spain. He said he opposed foreign bases in all countries, including Soviet bases in eastern Europe.

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